



Colin le Duc: There's a massive market failure around the true value of the environment

## Pricing the environment

Generation's Colin le Duc backs Forest Trends / **By Danielle Beurteaux**

**C**AN A PRICE BE PUT ON the environment? The answer should be yes, says Colin le Duc.

Le Duc, 40, is a partner at the London office of Generation Investment Management, the \$7 billion global equity fund that focuses on environmental sustainability and was co-founded by Al Gore in 2004. Le Duc is also a board member of Forest Trends, a Washington, D.C., group that establishes ecosystem offset markets, provides environmental market news and analysis, and promotes conservation through establishing payment systems for natural resources.

Le Duc's first exposure to Forest Trends was through friends who worked with the group; he was attracted to its use of financial instruments to link markets, investors

and communities, and to protect the environment. "I was very intrigued by their fundamental proposition around payment for ecosystem services," he says.

Le Duc joined the board in 2007, primarily to help Forest Trends broaden its connections to the investment community. "It's an organization that's dramatically underappreciated in the sense that they pioneered a notion and created real

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markets," he says. Contrary to the goal of preserving pristine expanses of unoccupied wilderness, the new environmentalism calls for a sustainable balance for both people and the environment. "The new way of thinking is to say we need to find a way for humans to live in harmony with the environment," le Duc says.

Forest Trends has, for example, helped indigenous peoples who live in valuable forest regions such as the Amazon get fairly compensated through establishing a balance of forest management and wood pricing. "I just think that it's inevitable that we have to move to a situation where people are paid more for maintaining forests than for cutting them down," le Duc says.

The organization has also branched out to include other ecological areas like water quality and marine life. One program is the Chesapeake Fund—run in concert with the Chesapeake Bay Foundation and the World Resources Institute—which aims to reduce nitrogen runoff from local agriculture into the Chesapeake Bay in Maryland and Virginia. A surfeit of nitrogen in water creates so-called dead zones, where there's not enough oxygen for marine life to survive.

As part of that program, a nitrogen trading market is being readied, where farmers can buy and sell nitrogen credits to help protect water quality.

Whether it's clean air, clean water or fossil fuels, environmental resources are undervalued, le Duc says, and that's a serious problem. "There's a massive market failure around the true value of the environment in that it's not fully reflected in our economic system today," he says. "That's what Forest Trends is trying to change, and that's what environmental markets generally are trying to do."

Forest Trends co-founder Michael Jenkins says le Duc's combination of investment experience and environmental savvy is invaluable. "There are very few people in the world who have that mix of experience and who are sitting on those intersections," says Jenkins. "He's really unusual."

For his part, le Duc is impressed with Forest Trends' level of sophistication in solving environmental challenges. "I just think they're the best in the world. They're doing such intriguing work, and they're totally unique." **AR**





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